NIAGARA REGION

QUARTERLY FINANCIAL UPDATE

JUNE 2011

Niagara Region

Building Community. Building Lives.

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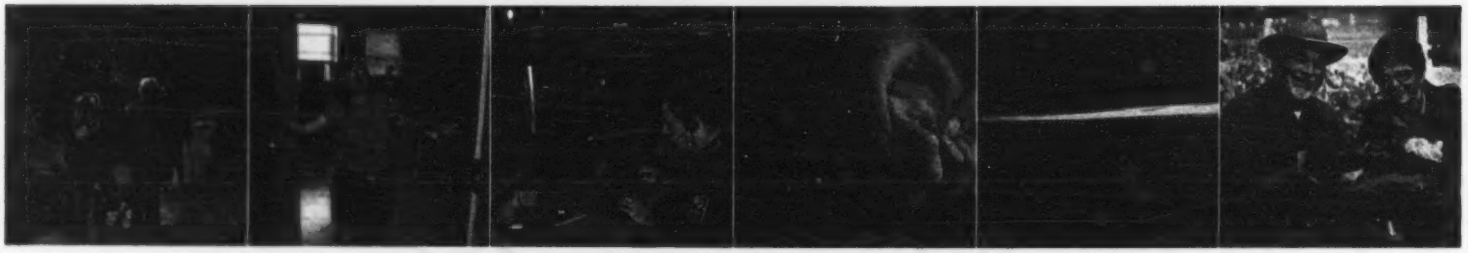
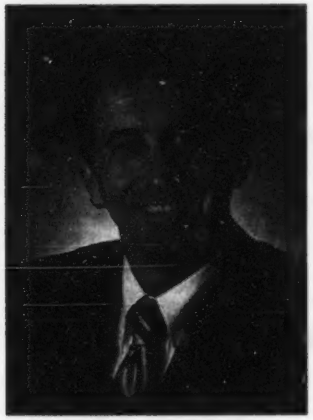


Gary Burroughs,
Regional Chair, Niagara Region



Mike Trojan,
Chief Administrative Officer,
Niagara Region

The Niagara Region takes pride in the many high quality services that we provide to residents, including:

- effective policing and ambulance services
- investing in our roads, bridges and water infrastructure
- providing social programs for seniors, youth and those residents most in need
- addressing major population based public health issues that ensure health protection, disease prevention, health promotion and injury prevention
- effective land protection, management, planning and servicing
- ensuring our economic development services are working to retain and grow existing businesses and provides one window service to potential new businesses

Our budget is established through a comprehensive review process that attempts to allocate financial resources to enable this to occur.

It is also important to monitor spending throughout the year and compare actual expenditures against budget estimates so that we can identify opportunities to save money or reallocate funds to areas of high priority. This also helps us more effectively budget at the outset to ensure the tax rates are set according to our actual needs.

This is the first time the Region has published a quarterly financial report, in fact, we understand we are one of few municipal governments that have done so and we are committed to continuing this practice moving forward.

The funds that comprise our budget are public funds and it follows; therefore, that we place a high level of scrutiny in tracking this money – to ensure public accountability. Publishing the results raises the bar in terms of our efforts to be transparent and to give the public a sense of how we are doing financially throughout the year.

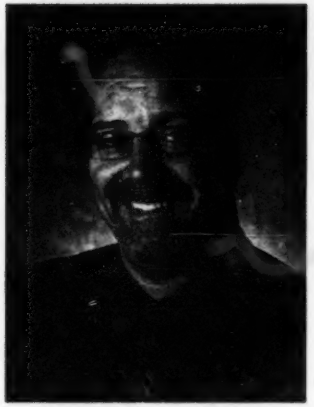
Council and staff are currently in the process of developing a new 2012 – 2015 Business Plan. A priority theme of the plan aims to keep the regional government responsive to the needs of the public. It states: "Niagara Region will be known for its effective decision-making, strong partnerships, clear accountability and service excellence." Accurate and transparent management and public reporting of our budget accounting is an initiative consistent with that theme.

We hope you find this report valuable, and invite you to visit the budget pages of our website at www.niagararegion.ca to learn more about the programs and services we deliver on behalf of our residents, their costs, and the budget council meeting schedule. In addition, two public consultation meetings will be held this fall (October 26 and November 2 at 7 p.m.) at the council chambers of Lincoln and Fort Erie, respectively, to provide opportunities for public input to the 2012 budget.

Sincerely,

Gary Burroughs
Regional Chair

Mike Trojan
Chief Administrative Officer



Brian Hutchings, B Comm, CGA
Commissioner, Corporate Services
Treasurer, Niagara Region

On behalf of the Financial Management and Planning (FMP) team, I am pleased to provide you with this mid-year financial update. Over the past few months the Financial Management and Planning team, with the support of all Regional departments has been working to put a framework in place to provide Council with a consolidated Niagara Region financial update. This was achieved through substantial collaboration between divisions throughout the organization. Our hope is that the information provided will increase transparency and give Council more timely and detailed information to assess the finances of the Niagara Region and plan for the future.

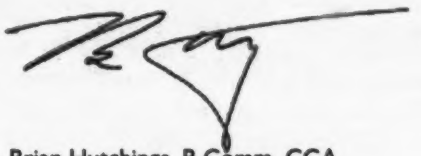
Going forward it is our intent to produce this financial update each quarter with current information. This reporting package is a work in progress and we expect it to develop and evolve over time based on user needs. In future reports, we hope to expand this package to include human resource statistics as well as key financial and operational performance measures. Based on this new process we also expect to update and formalize many of our corporate finance policies and procedures.

As of June 30, 2011 the Niagara Region is forecasting a 2011 estimated surplus of $8.3 million. This surplus is being generated mainly from increased investment income and increased Niagara Recycling revenues due to favourable recyclables market prices.

The Region is projecting reserve and reserve fund balances of $220.1 million at the end of 2011. This is the lowest reserve balance the Region has maintained in the past five years. The Region's levy supported reserves as a percentage of levy is among the lowest of comparable municipalities in Ontario. It is important to support our reserves as they are used to stabilize operations year over year as unforeseen events occur.

As we move forward and budget for the future, we need to ensure that we are planning to maintain appropriate reserve funds all the while working within our taxpayer affordability and transparency framework.

We hope you will find the information provided in this report of value and we welcome any suggestions for its improvement going forward.



Brian Hutchings, B Comm, CGA
Commissioner, Corporate Services
Treasurer, Niagara Region

Explanation of Statement of Operations

The statements of operations provided in the following pages summarize the Niagara Region's financial operating activity as of June 30, 2011 and forecasts expected operating results to the end of the 2011 year. These statements have been compiled by Corporate Services and the departments have validated the information and provided forecasts and commentary.

These statements present the net funding position of the Niagara Region's operating budget and do not include Private Sector Accounting (PSA) adjustments for amortization, employee future benefits, and landfill liability. Approved and/or expected unbudgeted transfers to/from reserves and reserve funds can offset other variances and affect net surplus/deficit reported by departments. These statements do not include capital activity.

Certain assumptions and estimates are required to forecast results. The assumptions and estimates made have been done so with information available to management at the time of writing this quarterly financial update. Readers of these reports are cautioned that actual operating results may vary from the forecast information presented.

To better help users understand what is included in the report, below are some definitions.

Report Columns

Annual Budget - represents the annual budget approved by council in March 2011 with budget adjustments as explained on page six.

Year To Date Budget - represents the portion of the annual budget expected to be realized from January through June.

Year To Date Actual - represents actual costs incurred and revenues earned from January to June. Departments have accrued for goods or services received but not yet paid for and revenues earned but not yet received.

Year To Date Variance - represents the difference between the year to date budget and the year to date actual. An unfavourable variance (i.e. actual expenditures are greater than budgeted or actual revenues are less than budgeted) is shown as a negative and a favourable variance (i.e. actual expenditures are less than budgeted or actual revenues are greater than budgeted) is shown as a positive.

Year To Go Forecast - represents the expected expenditures and revenues for the remainder of the year (July to December). Departments determined these forecasts based on their knowledge of current operations. As noted, actual operating results may vary from the forecasted information presented.

Annual Forecast - represents the year to date actual plus the year to go forecast. It is intended to project expected organization results at the end of the current year based on information available at June 30, 2011. As noted, actual operating results may vary from the forecasted information presented.

Annual Budget vs Forecast Variance - represents the difference between the annual budget and the annual forecast. An unfavourable variance (i.e. actual expenditures are greater than budgeted or actual revenues are less than budgeted) is shown as a negative and a favourable variance (i.e. actual expenditures are less than budgeted or actual revenues are greater than budgeted) is shown as a positive.

Explanation of Statement of Operations (cont'd)

Report Rows

EXPENDITURES

Personnel Costs - include all salaries, benefits, and personnel related allowances (meals, clothing, training, etc).

Administrative Expenses - include some allowances (car, mileage, etc.), memberships, training and related expenses and other miscellaneous expenses.

Materials, Supplies and Utilities - include costs for; chemical, medical and office supplies, small equipment, waste management supplies, and all utilities.

Repairs & Maintenance - include all costs to repair or maintain equipment, property and vehicles.

Purchased Services and Other Operating Expenses - include costs for audit, advertising, consulting, insurance, leases, contracted services, Provincial Offenses Act (POA) expenses and other expenses.

Social Assistance - costs include all Ontario Works allowances and benefits program costs.

Financial Expenditures - include all interest charges, principal debt payments, tax write-offs, and bad debt expense. The debt related charges included in this section get allocated to departments though the chargeback/recovery process.

Capital Equipment and Renovation - costs include all capital expenditures processed through the operating statement.

Interfunctional Operating Charges - include all departmental chargebacks for various services. Chargebacks are recorded internally as a mechanism to reflect the full cost of each department. It is widely recognized within the organization that the current chargeback model does not achieve full cost accounting and as such FMP will lead a review of the current chargeback model in the fall of 2011. For departments, interfunctional operating charges include insurance costs, rental costs, audit costs, WSIB costs, allocated salary costs, debt related costs, IT related costs, and many other interfunctional cost allocations. At a corporate level this will balance to interfunctional operating recoveries.

Interfunctional Operating Recoveries - include all department recoveries for various services described in the interfunctional operating charges above. At a corporate level this will balance to interfunctional operating charges.

Niagara Regional Housing (NRH) Provider Subsidy and Supplements - include all rent supplements and the use of all housing related subsidies.

Explanation of Statement of Operations (cont'd)

Transfer to Reserves and Reserve Funds - include all transfers of funds in the current year from operating to a reserve or reserve fund. At a corporate level the net of the transfers to reserves and the transfers from reserves represents our total contribution to reserves or draw on reserves in the year.

External Recoveries - include all costs the Region recovers from outside boards and agencies or other external parties. It mainly includes debt charges recovered from area municipalities, school boards, and Niagara Peninsula Conservation Authority (NPCA).

Capital Recoveries - include all costs that are incurred in the operating statements but subsequently allocated to capital projects. It mainly includes personnel costs and project management fees allocated to capital projects.

REVENUES

Taxation – Levy - includes all revenues received from area municipalities including Payment-in-lieu (PIL) and supplemental. It also includes power dams revenue.

Taxation – Rate - includes all funds received to support water and wastewater operations.

Ontario/Canada Grants - include all funds received from the provincial and federal governments.

Fees and Services Charges - include child care fees, health fees, police fees (i.e. accident reports, etc), seniors homes fees (i.e. long term care accommodations fees), road fees, waste management fees (i.e. requisitions on local area municipalities) and other miscellaneous fees (i.e. zoning).

Other Revenue - includes investment income, POA revenue, recycling revenue, NRH revenue, and other revenue.

Transfers from Reserves & Reserve Funds - Transfers from reserves and reserve funds include all transfers of funds in the current year to operating from a reserve or reserve fund. At a corporate level the net of the transfers from reserves and the transfers to reserves represents our total contribution to reserves or draw on reserves in the year.

Budget Adjustment Reconciliation

Throughout the year, budget adjustments are made to reflect revised external funding for programs and to reallocate costs between departments or accounts due to operational changes. The primary driver of external funding adjustments is the Ministry funded programs because they set their budgets after the Region's budget is approved. However, the Ministries want to see these dollars reflected in the Region's budget. For this reason adjusting the gross budget throughout the year has been a long standing practice at the Niagara Region. Adjusting the gross budget has no impact on the levy as both external revenue and expenses are increased equally to reflect those program requirements. The net budget impacting levy and rate is not adjusted. Below is a summary of gross budget adjustments that have been processed to date. Reallocations of costs within departments or among categories are not summarized below. The adjusted budget is presented throughout this reporting book.

Original Budget Revenue & Expenditures		**$740,012,217**	
Reclassification Adjustments[1]			
Tax Write-Offs	$ 6,075,219		
Transfer to Reserve	500,000		
NPCA Debt Issue Costs Recovered	15,130		
Salary Chargeback	113,412	**6,703,761**	
Budget Adjustments[2]			
General Administration	21,250		Record additional Corporate Employee Recognition Team (CERT) funding and expenses.
Police Services & Board	349,227		Record Provincial Anti-Violence Intervention Strategy (PAVIS) Grant funding and expenses as per new contract.
Public Health	31,664		Record Ministry of Health and Long-term Care (MOHLTC) one-time funding and expenses for sexual health special project.
Public Health	555,000		Record MOHLTC one-time funding and expenses for low income dental program.
Public Health	78,344		Record MOHLTC funding and expenses for food safety - farm to fork program.
Public Health	(50,000)		Reduction of MOHLTC funding and expenses for Breast Health Initiative.
Community Services	1,556,433		Record subsidy received for MOHLTC Construction Costs. Offset by chargeback of debt charges.
Community Services	185,000		Record one-time funding and expenses.
Emergency Services	197,107		Record MOHLTC additional offload nurse funding and expense.
Emergency Services	600,865		Record MOHLTC additional funding and expenses.
Emergency Services	234,800		Reflects applied emcumbrance reserve transfer so that Niagara Region's portion of budget matched (50/50) MOHLTC portion.
Waste Management	8,670	**3,768,360**	Transfer of budget from capital to operating as forklift purchase planned in capital but was actually leased.
June 30, 2011 Adjusted Budget		**$750,484,338**	

[1] Items included as offsets to revenue in budget process but included as expenditures for actual financial statement reporting.

[2] Adjustments to the original gross expenditure budget.

Consolidated Funding Surplus Review

Description	Levy	Water & Wastewater	Waste Management	Total
Operating Funding Surplus				
Regional departments	$ 9,060	$ 1,120,695	$ 4,952,130	$ 6,081,885
Investment income	1,420,317	-	-	$ 1,420,317
Provincial Offenses Act (POA) Operations	770,669	-	-	$ 770,669
Operating Funding Surplus	$ 2,200,046	$ 1,120,695	$ 4,952,130	$ 8,272,871

Comments:

The Niagara Region is forecasting a funding surplus of $8.3 million for 2011. The sources of this forecasted funding surplus are summarized above. Levy supported Regional departments are forecasting a funding surplus of $9 thousand compared to an actual funding surplus of $973 thousand in 2010. This forecast was derived using assumptions and estimates based on information available to management at the time of writing this quarterly financial update. Readers of these reports are cautioned that actual operating results may vary from the forecast information presented.

Potential uses of the forecasted levy surplus include:

- Funding the $2.8 million funding gap in the 2012 budget. This gap is a result of the 2011 budget receiving funding from the 2010 surplus.
- Additional contributions to unfunded employee future benefit reserves
  (2011 Estimated unfunded employee future benefit liabilities = $84 million; Reserves = $34 million).
- Additional contributions to the self insurance reserve recognizing we have a $1 million deductible and current reserves of $2.5 million.
- Additional contributions to the POA facility renewal reserve if agreement can be made with local area municipalities.

Surpluses of $1.1 million for water & wastewater and $5.0 million for waste management are currently projected, due largely to increased water demands through the summer months and favourable recycling market conditions. These surplus balances could potentially be utilized to mitigate one-time operating pressures anticipated in the 2012 Budget (such as the Fiscal Services Review Study), incorporated into the capital financing plans, or utilized to provide rate operating budget stabilization given the significant volatility in recyclables market pricing and risk associated with prediciting revenues for these program areas.

OPERATING STATEMENTS

JUNE 2011

Niagara Region

Building Community. Building Lives.

Consolidated - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 320,774,021	$156,632,714	$159,509,221	$ (2,876,507)	$ 165,115,136	$ 324,624,357	$ (3,850,336)
Administrative Expenses	7,156,505	3,580,956	3,329,219	251,737	3,492,997	6,822,216	334,289
Materials, Supplies & Utilities	44,085,659	21,766,439	22,552,146	(785,707)	23,529,069	46,081,215	(1,995,556)
Repairs & Maintenance	16,833,554	7,900,018	8,531,825	(631,807)	8,988,766	17,520,591	(687,037)
Purch. Serv. & Other Operating Exp.	119,031,938	59,654,249	56,826,069	2,828,180	63,590,600	120,416,669	(1,384,731)
Social Assistance	96,569,970	48,284,860	46,191,805	2,093,055	48,147,343	94,339,148	2,230,822
Financial Expenditures	92,421,051	36,549,119	46,357,374	(9,808,255)	56,223,814	102,581,188	(10,160,137)
Capital Equipment & Renovations	2,267,365	1,168,548	1,015,588	152,960	1,697,264	2,712,852	(445,487)
Interfunctional Operating Charges	77,877,719	37,984,874	38,665,783	(680,909)	40,172,208	78,837,991	(960,272)
Interfunctional Operating Recoveries	(77,877,719)	(37,984,880)	(38,666,209)	681,329	(40,172,208)	(78,838,417)	960,698
NRH Housing Provider Subsidy & Supplement	26,492,642	13,246,302	16,968,296	(3,721,994)	15,237,217	32,205,513	(5,712,871)
Transfers to Reserves & Reserve Funds	60,216,596	38,492,231	44,386,534	(5,894,303)	22,986,364	67,372,898	(7,156,302)
External Recoveries	(33,683,659)	(11,349,432)	(12,288,224)	938,792	(21,855,975)	(34,144,199)	460,540
Capital Recoveries	(1,681,304)	(840,630)	(722,184)	(118,446)	(936,519)	(1,658,703)	(22,601)
Total Gross Expenditure	**750,484,338**	**375,085,368**	**392,657,242**	**(17,571,874)**	**386,216,076**	**778,873,318**	**(28,388,980)**
Revenue							
Taxation - Levy	(300,530,189)	(142,917,563)	(143,302,084)	384,521	(157,308,477)	(300,610,561)	80,372
Taxation - Rate	(102,442,355)	(51,234,060)	(50,364,354)	(869,706)	(52,836,207)	(103,200,561)	758,206
Ontario/Canada Grants	(214,038,719)	(106,721,076)	(115,179,685)	8,458,609	(110,215,954)	(225,395,639)	11,356,920
Fees & Service Charges	(69,072,854)	(34,756,904)	(34,311,487)	(445,417)	(35,631,579)	(69,943,066)	870,212
Other Revenue	(53,486,329)	(26,790,324)	(33,214,229)	6,423,905	(30,024,782)	(63,239,011)	9,752,682
Transfers from Reserves & Reserve Funds	(10,913,892)	(7,825,086)	(18,923,531)	11,098,445	(5,833,819)	(24,757,350)	13,843,458
Total Revenue	**(750,484,338)**	**(370,245,013)**	**(395,295,371)**	**25,050,358**	**(391,850,818)**	**(787,146,189)**	**36,661,851**
Net Expenditure/(Revenue)	**$ -**	**$ 4,840,355**	**$ (2,638,129)**	**$ 7,478,484**	**$ (5,634,742)**	**$ (8,272,871)**	**$ 8,272,871**

Consolidated - Statement of Operations (cont'd)

Year To Date Community Impacts

Year to date the Region has a surplus of $7.5 million. The majority of this surplus is being generated by:

- Increased investment income of $0.9 million.
- Increased Niagara Recycling revenues of $4.2 million due primarily to favourable recyclables market price.
- Increased POA revenue of $0.8 million due primarily to increased ticketing resulting from increased enforcement.

Year to Go Forecast Community Impacts

The Region is forecasting a year end funding surplus of $8.3 million. The majority of this surplus is being generated by:

- Increased investment income of $1.4 million.
- Increased Niagara Recycling revenues of $5.0 million due primarily to favourable recyclables market price.
- Increased POA revenue of $0.8 million due primarily to increased ticketing resulting from increased enforcement.

The $3.9 million in unfavourable personnel is mainly being driven by:

- Police personnel costs are over budget by $1.7 million primarily due to additional internal equity requirements.
- Corporate Services personnel costs are over budget by $0.5 million mainly due to divisional reorganizations.
- Greater than budgeted benefit costs of $0.5 million for employees on leave & retirees and higher then planned termination/early sick leave payouts.
- Greater than budgeted WSIB costs of $0.4 million due to a few large claims. This additional cost is allocated to departments through chargeback/recovery.

Unfavourable financial expenditures are being driven by unbudgeted but approved special initiative contributions to Brock BioScience ($0.55 million), Niagara College ($0.45 million), and the initial payment to the Niagara Health Systems Cancer Centre ($5.6 million). In addition, the unbudgeted but approved payment to local municipalities for the wastewater reconciliation ($3.7 million) was included in financial expenditures. These payments were all fully funded from reserves.

Niagara Regional Housing (NRH) has received additional housing provider subsidy and supplement resulting in increased outlays. This unfavourable $5.7 million is directly offset by increased Ontario/Canada grants. The remaining favourable variance in Ontario/Canada grants is due to the one-time Ontario Municipalities Partnership Fund (OMPF) funding of $5.2 million which was transfered to reserves.

Increased other revenue is primarily driven by increased recycling revenues and additional investment income identified above.

Corporate Administration - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 1,966,609	$ 962,619	$ 893,741	$ 68,878	$ 995,864	$ 1,889,605	$ 77,004
Administrative Expenses	181,750	90,804	96,507	(5,703)	98,810	195,317	(13,567)
Materials, Supplies & Utilities	38,246	19,092	16,590	2,502	23,286	39,876	(1,630)
Repairs & Maintenance	200	96	0	96	200	200	0
Purch. Serv. & Other Operating Exp.	155,975	77,976	55,868	22,108	99,783	155,651	324
Capital Equipment & Renovations	2,140	1,056	237	819	1,415	1,652	488
Interfunctional Operating Charges	6,796	3,396	3,656	(260)	3,400	7,056	(260)
Total Gross Expenditure	**2,351,716**	**1,155,039**	**1,066,599**	**88,440**	**1,222,758**	**2,289,357**	**62,359**
Revenue							
Other Revenue	0	0	(91,741)	91,741	(16,062)	(107,803)	107,803
Total Revenue	**0**	**0**	**(91,741)**	**91,741**	**(16,062)**	**(107,803)**	**107,803**
Net Expenditure/(Revenue)	**$ 2,351,716**	**$ 1,155,039**	**$ 974,858**	**$ 180,181**	**$ 1,206,696**	**$ 2,181,554**	**$ 170,163**

Corporate Administration - Statement of Operations (cont'd)

Year To Date Community Impacts

The Corporate Administration (30 Members of Council, Office of the Regional Chair - three FTE and CAO - four FTE) budget is at 85% personnel cost driven. This team provides overall political leadership, governance, policy direction and corporate management to the Corporation. Major Priorities / Initiatives include:

- Development of new Council Business Plan emphasizing improved service and reduced costs; improving Niagara's economy, governance and community services
- Reviewing the Regions various programs and service delivery areas for improved effectiveness and greater efficiency including development of clear and meaningful performance measures
- Delivering effective government and stakeholder relations to leverage partnerships and secure provincial and federal government support for Niagara's needs and priorities

Major 2011 Deliverables include:

- Commencing an inter-municipal transit pilot program
- Commencing a new long term waste collection contract with greater customer service and recycling convenience
- Establishing a new Investment and Property Assessment Taxation Reform Committee to improve investment performance and consider new tax policy
- Creating a "Responsive Region Improvement Team" to lead a series of program reviews to enhance service to residents and find savings
- Led another successful "Niagara Week" government relations event in Queens Park to educate the provincial government on the needs of Niagara and secure their support for our priorities
- Created an Economic Development Task Force to review and recommend a new model for economic development in Niagara that leverages related collective efforts in Niagara, improves business retention and expansion services and provides one window service to potential new businesses to Niagara
- Delivered a tax decrease to Niagara Region taxpayers

Year to Go Forecast Community Impacts

Overall the Corporate Administration department is forecasting a surplus of approximately $170,000. This is mainly attributable to favourable personnel costs and additional revenue. Councilor payroll related costs are tracking below guidance (approximately $48,000) and the department has received the benefit of a one time payroll accrual correction related to 2010 (approximately $40,000). Other revenue includes a one-time GST/HST rebate of $72,551 related to 2007-2010 and an HST rebate of $32,124 for 2011. This additional revenue may assist in funding the Responsive Region Team and other corporate priorities.

Corporate Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 15,941,208	$ 7,666,203	$ 7,988,342	$ (322,139)	$ 8,390,493	$ 16,378,835	$ (437,627)
Administrative Expenses	351,482	175,464	149,484	25,980	202,314	351,798	(316)
Materials, Supplies & Utilities	1,875,800	937,576	851,351	86,225	980,659	1,832,010	43,790
Repairs & Maintenance	2,023,461	1,011,638	1,152,605	(140,967)	1,075,572	2,228,177	(204,716)
Purch. Serv. & Other Operating Exp.	6,286,696	2,920,725	2,757,439	163,286	3,114,549	5,871,988	414,708
Financial Expenditures	3,000	1,500	319	1,181	2,724	3,043	(43)
Capital Equipment & Renovations	23,210	11,590	26,717	(15,127)	7,931	34,648	(11,438)
Interfunctional Operating Charges	5,757,630	3,120,913	3,131,483	(10,570)	2,615,469	5,746,952	10,678
Interfunctional Operating Recoveries	(11,704,550)	(5,980,544)	(6,182,213)	201,669	(5,724,006)	(11,906,219)	201,669
Transfers to Reserves & Reserve Funds	124,472	83,375	582,683	(499,308)	41,097	623,780	(499,308)
External Recoveries	(160,000)	(79,998)	(71,081)	(8,917)	(71,081)	(142,162)	(17,838)
Capital Recoveries	(162,287)	(81,132)	(35,539)	(45,593)	(84,143)	(119,682)	(42,605)
Total Gross Expenditure	**20,360,122**	**9,787,310**	**10,351,591**	**(564,281)**	**10,551,578**	**20,903,169**	**(543,047)**
Revenue							
Fees & Service Charges	(154,050)	(77,022)	(59,951)	(17,071)	(91,800)	(151,751)	(2,299)
Other Revenue	(863,153)	(431,536)	(1,039,541)	608,005	(412,926)	(1,452,467)	589,314
Transfers from Reserves & Reserve Funds	(33,250)	(16,620)	(280,877)	264,257	(16,630)	(297,507)	264,257
Total Revenue	**(1,050,453)**	**(525,178)**	**(1,380,370)**	**855,192**	**(521,356)**	**(1,901,726)**	**851,273**
Net Expenditure/(Revenue)	**$ 19,309,669**	**$ 9,262,132**	**$ 8,971,221**	**$ 290,911**	**$ 10,030,222**	**$ 19,001,443**	**$ 308,226**

Corporate Services - Statement of Operations (cont'd)

Year To Date Community Impacts

There have been a number of significant initiatives undertaken in the Corporate Services department in the first half of 2011, these include a number of the following:

- Continued success in implementing software solutions for our clients, including systems for Public Health vaccinations, court administration software for Provincial Offences Administration, and a public housing administration system for Niagara Regional Housing.
- Wainfleet Township re-addressing to enhance capacity for 9-1-1 response.
- Introduction of corporate-wide budget to actual and quarterly forecasts.
- New system for the introduction of capital budgets and capturing projected sources of funding.
- Facilitated a debenture offering for the lower tier municipalities at one of the lowest cost of borrowing rates ever obtained at the Niagara Region (3.5%).
- In conjunction with departments, currently have achieved an 18% reduction in work-related injuries – greater than the "Road to Zero" provincial target of 7%.
- Essentials of Management training program rolled out to staff.
- Completed building condition assessments and energy audits in 2011 for all facilities maintained by our division.
- Completed Niagara Regional Police Long Term Accommodation Master Plan.
- Wainfleet beach on Lakeshore Rd developed and opened to the public in May 2011.

Year to Go Forecast Community Impacts

There are no significant budget pressures anticipated in the second half of 2011 for Financial Management, Information Technology, Human Resources, Legal, and Properties Management.

Corporate Services currently has a year to date surplus of $327,064 and is forecasting a $308,226 surplus at year-end. Unfavourable variances have occurred in personnel costs due to a number of corporate reorganizations. Favourable variances have occurred in purchased services due to a one-time accounting adjustment for software licenses that are paid in advance but will be expensed in 2012 as this is when the service is received. Unfavourable variances in transfers to reserves are directly offset by increased other revenue mainly related to the sale of assets. Favourable transfers from reserves have resulted from a 2010 encumbrance for the facilities accomodation study. Some of these funds are no longer required in 2011 and therefore will become part of the 2011 general surplus.

The following initiatives will continue with expected completion dates in late 2011, with many of the projects carrying forward into 2012.

- Complete Headquarters security review with the recommendations being implemented in the fall of 2011.
- Negotiations with seven unions for new labour agreements (contracts).
- Ongoing energy conservation initiatives, including lighting retrofits, ambulance anti-idling, conservation demand management, and incentive rewards through the Ontario Power Authority.
- Leaves (long-term, short-term) project review, with targeted implementation in 2012.
- Moving forward with automation of uploads on banking transactions to reduce manual processes, and additional introduction of fraud mitigation mechanisms for cheques.
- Re-negotiation of contracts with telecom provider to reduce costs.
- Completion of Long Term Accommodation Study for Public Health, Niagara Emergency Medical Services and Community Services.
- Reduced costs in future software and hardware contracts through negotiated reductions.
- Finalize the 2012 budget by December 2011.

Public Works - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 19,374,554	$ 9,221,534	$ 9,617,868	$ (396,334)	$ 10,087,146	$ 19,705,014	$ (330,460)
Administrative Expenses	1,089,086	547,148	416,055	131,093	641,235	1,057,290	31,796
Materials, Supplies & Utilities	6,003,655	3,002,830	3,587,098	(584,268)	3,076,450	6,663,548	(659,893)
Repairs & Maintenance	264,375	132,156	111,487	20,669	89,960	201,447	62,928
Purch. Serv. & Other Operating Exp.	5,856,064	2,232,058	2,836,063	(604,005)	3,386,804	6,222,867	(366,803)
Financial Expenditures	500,000	0	0	0	500,045	500,045	(45)
Capital Equipment & Renovations	79,909	39,924	14,276	25,648	49,481	63,757	16,152
Interfunctional Operating Charges	22,276,349	8,202,324	8,543,128	(340,804)	14,180,399	22,723,527	(447,178)
Interfunctional Operating Recoveries	(10,346,182)	(5,172,960)	(5,493,407)	320,447	(5,298,222)	(10,791,629)	445,447
Transfers to Reserves & Reserve Funds	2,149,511	1,074,750	1,074,750	0	1,074,757	2,149,507	4
Capital Recoveries	(746,940)	(373,464)	(366,549)	(6,915)	(473,721)	(840,270)	93,330
Total Gross Expenditure	**46,500,381**	**18,906,300**	**20,340,770**	**(1,434,470)**	**27,314,334**	**47,655,104**	**(1,154,723)**
Revenue							
Ontario/Canada Grants	(464,531)	0	1,372	(1,372)	(130,721)	(129,349)	(335,182)
Fees & Service Charges	(2,389,350)	(1,194,600)	(1,190,413)	(4,187)	(1,592,047)	(2,782,460)	393,110
Other Revenue	(365,400)	(182,688)	(263,966)	81,278	(89,473)	(353,439)	(11,961)
Transfers from Reserves & Reserve Funds	(1,950,000)	(274,992)	(284,678)	9,686	(1,675,008)	(1,959,686)	9,686
Total Revenue	**(5,169,281)**	**(1,652,280)**	**(1,737,685)**	**85,405**	**(3,487,249)**	**(5,224,934)**	**55,653**
Net Expenditure/(Revenue)	**$ 41,331,100**	**$ 17,254,020**	**$ 18,603,085**	**$ (1,349,065)**	**$ 23,827,085**	**$ 42,430,170**	**$ (1,099,070)**

Public Works - Statement of Operations (cont'd)

Year To Date Community Impacts

Initiatives & Achievements

The Public Works (PW) Department includes Transportation Services, Development Services, and Public Works Administration. The responsibility of these areas includes coordinating and developing the Regional position on planning applications and policy, the planning, design, operation and maintenance of the Regional road network, oversight of the Niagara Specialized Transit and Inter-municipal Transit Pilot, and support to all the PW Business areas. Achievements during the period ending June 30th include the continued development of the iDARTS software in support for the growth activity within the Region, assumption of all storm sewers of 675 mm diameter or less on Regional roads, a movement towards smaller and more fuel efficient vehicles in the fleet, an update to the Regional Tourism Sign Policy, and continued participation with the Niagara Region Road Safety Committee.

Variance Overview

At the end of the second quarter, the Public Works Department had incurred an unfavourable net variance of $1.3 million. This variance can be attributed to the heavy winter, as well as the April wind storm event. Both contributed to the unfavourable positions in personnel costs ($396 thousand), materials and supplies ($584 thousand), and purchased services ($604 thousand), due to the additional staff time, salt and sand, equipment rental, and contracted services from the local municipalities required for these events. The escalating cost of fuel also created pressure within material and supplies, and contributes to the offsetting variances in both interfunctional charges and recoveries, as fuel costs experienced in the year to date have exceeded budget estimates by approximately 35%.

Year to Go Forecast Community Impacts

Initiatives & Achievements

Significant milestones expected in the second half of the year include the Inter-Municipal Transit pilot project, which will begin to service Niagara residents in the fall. Transportation staff, in conjunction with Information Technology, will continue to work to implement the new Computerized Maintenance Management System (CMMS) system for the roads and fleet program areas, which is expected to generate efficiencies and cost savings. Finalization of two important environmental assessments, one for the Burgoyne Bridge and the other for the Highway 406 interchange, is anticipated in the latter half of the year, and the official opening of the new terminal building for the Niagara District Airport that was constructed through the Infrastructure Stimulus Funding (ISF) program will occur in late August. Finally, the Development services division will continue to identify and implement process improvements with the local municipalities in accordance with the MOU for the Niagara Planning system.

Variance Overview

Although a year end unfavourable position is projected, it is anticipated that the net position realized as of June month end will be reduced from $1.34 million to $1.09 million by year end. This reduction is driven largely by favourable revenue projected for traffic signal maintenance work and cost saving measures expected in purchased services, which will be offset in part by an unfavourable variance in Provincial Grant funding as a result of the spending cap in the funding formula. It is also worth noting that significant fluctuations in fuel prices will continue to have an impact on the cost of gasoline, diesel and asphalt, which could put further pressure on the materials and supply variance to year end.

Staff will continue to work to identify any potential cost mitigation opportunities during the second half of the year in order to further reduce the anticipated unfavourable net position projected for this program area.

Water & Wastewater Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 15,703,019	$ 8,056,081	$ 8,077,872	$ (21,791)	$ 7,593,360	$ 15,671,232	$ 31,787
Administrative Expenses	601,807	300,690	215,334	85,356	232,305	447,639	154,168
Materials, Supplies & Utilities	13,354,716	6,676,488	6,735,185	(58,697)	6,807,588	13,542,773	(188,057)
Repairs & Maintenance	6,594,069	3,296,820	3,507,914	(211,094)	3,324,825	6,832,739	(238,670)
Purch. Serv. & Other Operating Exp.	13,260,672	6,245,010	5,013,837	1,231,173	8,261,120	13,274,957	(14,285)
Financial Expenditures	0	0	3,754,751	(3,754,751)	0	3,754,751	(3,754,751)
Capital Equipment & Renovations	117,307	58,596	105,901	(47,305)	58,596	164,497	(47,190)
Interfunctional Operating Charges	15,496,512	9,541,242	9,449,330	91,912	5,894,721	15,344,051	152,461
Interfunctional Operating Recoveries	0	0	(1,440)	1,440	0	(1,440)	1,440
Transfers to Reserves & Reserve Funds	39,237,924	19,618,956	19,621,956	(3,000)	19,618,968	39,240,924	(3,000)
Capital Recoveries	(550,892)	(275,442)	(236,636)	(38,806)	(275,442)	(512,078)	(38,814)
Total Gross Expenditure	**103,815,134**	**53,518,441**	**56,244,004**	**(2,725,563)**	**51,516,041**	**107,760,045**	**(3,944,911)**
Revenue							
Taxation - Rate	(102,442,355)	(51,234,060)	(50,364,354)	(869,706)	(52,836,207)	(103,200,561)	758,206
Ontario/Canada Grants	0	0	(8,191)	8,191	0	(8,191)	8,191
Fees & Service Charges	(1,086,800)	(543,390)	(576,243)	32,853	(543,390)	(1,119,633)	32,833
Other Revenue	(285,979)	(142,974)	(149,629)	6,655	(142,974)	(292,603)	6,624
Transfers from Reserves & Reserve Funds	0	0	(4,259,751)	4,259,751	0	(4,259,751)	4,259,751
Total Revenue	**(103,815,134)**	**(51,920,424)**	**(55,358,169)**	**3,437,745**	**(53,522,571)**	**(108,880,740)**	**5,065,606**
Net Expenditure/(Revenue)	**$ -**	**$ 1,598,017**	**$ 885,835**	**$ 712,182**	**$ (2,006,530)**	**$ (1,120,695)**	**$ 1,120,695**

Water & Wastewater Services - Statement of Operations (cont'd)

Year To Date Community Impacts

Initiatives & Achievements

In addition to the operation of the Region's six water plants and 11 wastewater plants, the Water & Wastewater division is also responsible for master servicing plans, water and wastewater approvals, laboratory services, environmental monitoring, and industrial waste and training. During the first half of 2011, some specific initiatives that have either been delivered or for which work continues include:

- The update to the W&WW Master Plan that is ready for the final round of public consultation
- Source Water Protection planning in accordance with the Clean Water Act
- An update to the Region's internal benchmarking initiative
- Children's Water Festival
- Implementation of enhanced document control and system monitoring via ETQ and Water Trax
- Accreditation by Canadian General Standards Board as per the Municipal Drinking Water Licensing Program

Variance Overview

A net surplus of $712 thousand has been realized for the water and wastewater divisions that can be largely attributed to favourable variances in purchased services. This favourable position has resulted from a delay in initiating several consulting assignments as a result of both vacancies in key staff positions, and cost saving opportunities identified by staff to offset anticipated overages. The savings generated to date from these studies has proven sufficient to offset budget pressures in other areas of the program including sludge disposal ($285 thousand unfavourable), and repairs and maintenance ($211 thousand unfavourable) due to a heavy winter and wet spring that have led to higher than normal wastewater flows from municipal sewage collections systems, as well as unforeseen failures of pumps, screens and clarifiers. As noted below, several of the delayed studies are expected to proceed during the second half of the year.

Also offset by the favorable variance in costs was the shortfall in water rate revenues of $869 thousand, which resulted from the wet spring and related 1.3% decline in water consumption volumes relative to the projected amounts.

Finally, it should be noted the unbudgeted $3.7 million expenditure presented in the 'Financial Expenditure' line reflects the payment to the local municipalities for wastewater reconciliation approved by Council in June. This cost is fully offset by a transfer from reserve which, when added to the 2010 year end water and wastewater encumbrances identified in CSD 57-2011, total $4.2 million.

Year to Go Forecast Community Impacts

Initiatives & Achievements

During the second half of the year the master plan work will be finalized, and available for the update to the Region's development charge by-law. Also anticipated is the completion of the Maintenance Improvement Plan that will identify recommendations for improvement to the long-term maintenance strategy for Niagara Region's Water & Wastewater Division.

Variance Overview

Further cost pressure in materials and supplies is expected to year end as hot temperatures have increased water flows beginning in July, sludge disposal is expected to continue to exceed the budgeted amount with a year-end unfavourable variance of approximately $750 thousand anticipated. Work on some of the study initiatives, such as the Water & Wastewater Review, that have been delayed are expected to proceed. Emergency repairs and associated costs are expected to continue as a transformer failure at a major sewage pump station in early August required a substantial investment.

A year end surplus of $1.1 million is expected due to the projected surplus in water revenue for the full year based on the increasing water demand trending through the summer months.

Waste Management - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 3,575,857	$ 1,773,022	$ 1,546,545	$ 226,477	$ 1,737,928	$ 3,284,473	$ 291,384
Administrative Expenses	128,494	64,170	45,834	18,336	64,247	110,081	18,413
Materials, Supplies & Utilities	2,838,795	1,419,258	1,788,141	(368,883)	1,937,397	3,725,538	(886,743)
Repairs & Maintenance	688,684	344,268	283,134	61,134	280,006	563,140	125,544
Purch. Serv. & Other Operating Exp.	36,505,280	18,270,452	16,528,630	1,741,822	18,513,390	35,042,020	1,463,260
Capital Equipment & Renovations	70,392	35,172	42,002	(6,830)	35,196	77,198	(6,806)
Interfunctional Operating Charges	5,788,547	3,175,901	3,175,161	740	2,612,646	5,787,807	740
Interfunctional Operating Recoveries	(11,360)	(5,676)	(19,474)	13,798	(5,684)	(25,158)	13,798
Transfers to Reserves & Reserve Funds	386,823	193,410	193,410	0	193,416	386,826	(3)
Capital Recoveries	(221,185)	(110,592)	(52,994)	(57,598)	(110,593)	(163,587)	(57,598)
Total Gross Expenditure	**49,750,327**	**25,159,385**	**23,530,391**	**1,628,994**	**25,257,949**	**48,788,340**	**961,987**
Revenue							
Ontario/Canada Grants	(3,407,680)	(1,703,832)	(2,129,883)	426,051	(1,627,840)	(3,757,723)	350,043
Fees & Service Charges	(36,771,347)	(18,385,446)	(18,186,505)	(198,941)	(18,304,162)	(36,490,667)	(280,680)
Other Revenue	(9,418,688)	(4,709,292)	(6,820,402)	2,111,110	(6,239,344)	(13,059,746)	3,641,058
Transfers from Reserves & Reserve Funds	(152,612)	(76,302)	(360,362)	284,060	(71,971)	(432,333)	279,721
Total Revenue	**(49,750,327)**	**(24,874,872)**	**(27,497,153)**	**2,622,281**	**(26,243,317)**	**(53,740,470)**	**3,990,143**
Net Expenditure/(Revenue)	**$ -**	**$ 284,513**	**$ (3,966,762)**	**$ 4,251,275**	**$ (985,368)**	**$ (4,952,130)**	**$ 4,952,130**

Waste Management - Statement of Operations (cont'd)

Year To Date Community Impacts

Initiatives & Achievements

Waste Management Services is responsible for the operation of various facilities (landfill sites, hazardous waste depot and recycling centre), the delivery of curbside waste, recycling and organics collection services and various diversion and disposal programs, the management of long term organics processing and disposal contracts, policy and planning development, as well as the waste management capital program. In addition to the operation of permanent drop-off depots, special event days are provided for diverting recyclables, electronics, household hazardous waste, scrap metal and other materials. During 2011, new service levels launched include:

- Collection of both Blue and Grey Box material every week,
- Multi-residential recycling,
- Designated business area organics program,
- Green Bin organics program in Wainfleet and West Lincoln and to six-unit residential buildings across the Region,
- New service eligibility criteria for curbside garbage collection and a garbage limit exemption week for households,
- Additional contract staff support and outreach, and
- Promotion and education campaign with the "Rethink your Waste" message.

Variance Overview

As of June 30, a favorable variance in the waste management program of $4.25 million has been achieved through a combination of both cost savings ($1.6 million), as well as higher than projected revenues ($2.6 million).

The cost savings realized to date of $1.6 million are within the purchased services, and consist of savings due to deferral and cost reduction opportunities identified, as well as lower costs. Deferrals include the implementation of computerized maintenance management systems at the Recycling Centre and landfills, portions of contract services for excavating, grading and stockpiling of soil and the grinding of wood, the replacement of the Long Term Strategic Plan with smaller assignments, and a delay in maintenance and leachate work at several sites. Lowered costs include price reductions such as in the tender price for the transfer and haulage of material from the Bridge St. drop-off depot, and volume reductions such as those incurred in waste and organic tonnages sent to Walker's and tonnage of self-hauled waste delivered to the drop-off depots.

The increase in revenue of $2.6 million is the result of strengthening markets for the sale of recyclables, an increased capture rate due to new processing technologies and increased tonnages that accompanied the new collection service implementation beginning in February 2011. Of these drivers, the significant market price increases for materials such as newsprint, box board, plastics and cardboard are the largest contributor to the 45% favorable variance in 'Other Revenue', which has also benefitted from garbage tag sales that have earned $110 thousand more than anticipated in the year to date.

Waste Management - Statement of Operations (cont'd)

Year to Go Forecast Community Impacts

Initiatives & Achievements

In the second half of 2011 waste management staff will continue with the management of various service contracts with private sector, operation of landfill sites (two open sites and post closure maintenance of 12 closed landfills), drop-off depots and the recycling centre. Provision of services and programs to the residential and commercial sectors will also continue. Anticipated initiatives include:

- Implementation of a public space recycling program "Niagara Recycles...on the go" in partnership with interested local municipalities and the Niagara Peninsula Conservation Authority with approximately 40% project funding from industry stewards (Continuous Improvement Fund),
- Issuance of an RFP for the Environmental Assessment for a vertical expansion of Humberstone Landfill Site,
- Completion of a Waste Management Financing Study and recommendation to Committee and Council for the preferred sustainable financing method for 2012 and future years,
- Preparation of a Blue Box Recycling Plan which is needed to address Municipal Blue Box Best Practices and to help maximize industry stewardship funding,
- Preparation of an RFP for the review of alternative waste management technologies and recommendations for next steps,
- Utilization of a second shift at the Recycling Centre in order to optimize staff time and achieve further process efficiencies, thereby increasing net revenues.

Variance Overview

Staff projects a favourable year end position for waste management of $4.95 million, which is primarily based on the recyclables market price trend to date. In addition to the deferrals and savings in purchased services outlined above, savings for the year are also expected in personnel costs due to delays in hiring for vacated positions, the cancelling of a contract position due to the successful roll out of the new services, less maintenance work at the closed landfill sites, as well as less major maintenance required for the Recycling Centre baler. The favourable variance in gross cost identified as of June 30 is expected to decline by year end, as some of the previously deferred work will begin to proceed and as the collection contract prices continue to reflect the higher than anticipated fuel prices.

Staff is currently evaluating the cost and revenue trends from 2011 for the purpose of developing the 2012 budget. Given the significant volatility in the recyclables material market pricing, the prediction of revenue a year in advance poses a challenge and a risk. This risk can be managed through maintaining reserve balances that are adequate for both operating stabilization and capital program needs, with funding provided from both budgeted transfers to reserve as well as operating surpluses. As such, higher revenue from the sale of recyclables is being projected for 2012 and should help mitigate anticipated pressures such as the fuel & Consumer Price Index (CPI)-related inflationary factors found within existing contracts, as well as anticipated increases in processing and disposal costs.

Integrated Community Planning Department - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 4,489,798	$ 2,155,936	$ 2,304,898	$ (148,962)	$ 2,467,122	$ 4,772,020	$ (282,222)
Administrative Expenses	169,714	84,684	205,211	(120,527)	73,931	279,142	(109,428)
Materials, Supplies & Utilities	286,968	143,406	116,632	26,774	186,859	303,491	(16,523)
Repairs & Maintenance	52,950	26,460	23,093	3,367	29,607	52,700	250
Purch. Serv. & Other Operating Exp.	2,117,994	857,916	439,950	417,966	1,625,928	2,065,878	52,116
Financial Expenditures	750,000	375,000	130,550	244,450	540,250	670,800	79,200
Capital Equipment & Renovations	13,700	6,828	10,278	(3,450)	9,000	19,278	(5,578)
Interfunctional Operating Charges	347,214	168,223	354,329	(186,106)	175,241	529,570	(182,356)
Interfunctional Operating Recoveries	(842,731)	(421,290)	(610,238)	188,948	(421,441)	(1,031,679)	188,948
Capital Recoveries	0	0	(1,822)	1,822	0	(1,822)	1,822
Total Gross Expenditure	**7,385,607**	**3,397,163**	**2,972,880**	**424,283**	**4,686,497**	**7,659,377**	**(273,770)**
Revenue							
Ontario/Canada Grants	(55,000)	(27,492)	(22,550)	(4,942)	(43,250)	(65,800)	10,800
Fees & Service Charges	(98,456)	(79,212)	(7,439)	(71,773)	(23,608)	(31,047)	(67,409)
Other Revenue	(26,000)	(12,996)	(39,797)	26,801	(165,787)	(205,584)	179,584
Transfers from Reserves & Reserve Funds	(710,582)	(556,278)	(778,420)	222,142	(220,397)	(998,817)	288,235
Total Revenue	**(890,038)**	**(675,978)**	**(848,206)**	**172,228**	**(453,042)**	**(1,301,248)**	**411,210**
Net Expenditure/(Revenue)	**$ 6,495,569**	**$ 2,721,185**	**$ 2,124,674**	**$ 596,511**	**$ 4,233,455**	**$ 6,358,129**	**$ 137,440**

Year To Date Community Impacts

Personnel costs variance is related to temporary project resources funded through projects such as Welland Canal designation and local Official Plan (OP) reviews. Administrative expense variance related to expenses for the Great Lakes Conference - offsetting revenue to be booked in 3rd quarter. Materials, supplies and Utilities positive variance related to lower postage costs due to Canada Post labour disruption. Purchased services positive variance relates to ongoing projects such as development charges By-law updates, Gateway Community Improvement Plan (CIP), Watersmart initiatives and Policy plan amendments where completion will take place in the 3rd and 4th quarter and budgeted expenditures for pending Culture Capitals of Canada application. Financial Expenditures positive variance related to timing of completion of development projects eligible for Smarter Niagara incentives. The Capital equipment negative variance relates to timing of planned computer equipment replacement. The interfunctional charges and recoveries variance relates to unanticipated repairs and maintenance to courier vehicles, and to internal entries to assign resource costs to specific projects. Revenue variance relates to timing and volume of applications for which fees become due and transfer from reserve for pending Culture Capitals of Canada application.

Year to Go Forecast Community Impacts

Our forecast currently anticipates a surplus by year end. We will continue to monitor expenditures and projects to ensure we remain on track to budget. Our forecast assume success in our Culture Capitals of Canada application.

Community Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 78,920,998	$ 38,523,889	$ 38,352,833	$ 171,056	$ 40,817,989	$ 79,170,822	$ (249,824)
Administrative Expenses	1,175,262	562,870	568,315	(5,445)	514,181	1,082,496	92,766
Materials, Supplies & Utilities	7,008,070	3,330,447	3,657,124	(326,677)	3,614,834	7,271,958	(263,888)
Repairs & Maintenance	755,257	291,036	460,177	(169,141)	552,494	1,012,671	(257,414)
Purch. Serv. & Other Operating Exp.	31,682,463	17,388,365	17,949,933	(561,568)	15,574,142	33,524,075	(1,841,612)
Social Assistance	96,569,970	48,284,860	46,191,805	2,093,055	48,147,343	94,339,148	2,230,822
Financial Expenditures	17,905	7,725	10,914	(3,189)	13,153	24,067	(6,162)
Capital Equipment & Renovations	482,083	186,638	252,287	(65,649)	616,075	868,362	(386,279)
Interfunctional Operating Charges	11,698,219	5,508,124	5,402,795	105,329	6,479,891	11,882,686	(184,467)
Interfunctional Operating Recoveries	(7,315,438)	(3,673,938)	(3,494,922)	(179,016)	(3,703,973)	(7,198,895)	(116,543)
Transfers to Reserves & Reserve Funds	0	0	217,095	(217,095)	217,000	434,095	(434,095)
External Recoveries	(2,108,851)	(1,054,416)	(1,477,209)	422,793	(1,000,000)	(2,477,209)	368,358
Total Gross Expenditure	**218,885,938**	**109,355,600**	**108,091,148**	**1,264,452**	**111,843,129**	**219,934,277**	**(1,048,339)**
Revenue							
Ontario/Canada Grants	(157,453,140)	(78,436,796)	(77,179,505)	(1,257,291)	(80,693,225)	(157,872,730)	419,590
Fees & Service Charges	(22,002,325)	(11,191,982)	(11,310,112)	118,130	(11,494,049)	(22,804,161)	801,836
Other Revenue	(390,829)	(287,738)	(634,513)	346,775	(39,882)	(674,395)	283,566
Transfers from Reserves & Reserve Funds	(1,493,074)	(746,526)	(746,526)	0	(746,548)	(1,493,074)	0
Total Revenue	**(181,339,368)**	**(90,663,042)**	**(89,870,656)**	**(792,386)**	**(92,973,704)**	**(182,844,360)**	**1,504,992**
Net Expenditure/(Revenue)	**$ 37,546,570**	**$ 18,692,558**	**$ 18,220,492**	**$ 472,066**	**$ 18,869,425**	**$ 37,089,917**	**$ 456,653**

Community Services - Statement of Operations (cont'd)

Year To Date Community Impacts

Social Assistance and Employment Opportunities (SAEO) division delivered quality services despite the challenges associated with a poor economy and rising Ontario Works caseload. Despite a weak economy, SAEO continues to meet provincial targets relating to employment outcomes for participants while dealing with the uncertainties of an unstable economy.

Children's Services continues to work to ensure a stable childcare system in Niagara. Funding has been applied selectively to manage within the budget and address contract per diems that are below or at risk of slipping below market. Summer camp programs were capped to not expend more than budget.

Senior Services continues to operate 957 long term care beds and manage the various offerings within seniors community programs, largely funded from the Province. New Provincial funding for long term care was recently announced that will address the short falls being experienced in salary awards, payroll related costs, repairs and increased food prices.

Year to Go Forecast Community Impacts

SAEO anticipates limited employment growth in the remainder of 2011 to 2013 period. The average earnings and incomes of Niagara residents are below those in Ontario directly impacting the number of participants who can earn enough to no longer need social assistance. Social assistance costs are currenly under budget due to the mix of clients and earnings. It is anticipated that social assistance benefits will be slightly below budget at year end with a corresponding shortfall in Provincial revenues due to the funding formula of 81.2%/18.8%.

Children's Services anticipates there will be further budget pressures in the second half of the year. There may be a need to move to a waitlist in Q4 for child care subsidy to adhere to budget. Resource Centres may need to reduce service to meet budget constraints. Over expenditure in purchased services is largely due to purchase of services/spaces for children due to demand and is offset by increased parent fees and Ontario grants.

Senior Services will continue to support Niagara's seniors through long term care beds and a varity of seniors community programs to ensure quality of life for seniors in Niagara while also supporting the overall system of health in Niagara through reduced service demands.

Public Health - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 28,419,904	$ 13,676,795	$ 13,636,051	$ 40,744	$ 14,762,646	$ 28,398,697	$ 21,207
Administrative Expenses	1,037,996	516,042	546,838	(30,796)	507,363	1,054,201	(16,205)
Materials, Supplies & Utilities	1,000,365	498,269	328,220	170,049	602,289	930,509	69,856
Repairs & Maintenance	82,000	40,974	46,425	(5,451)	38,031	84,456	(2,456)
Purch. Serv. & Other Operating Exp.	2,571,230	1,307,539	1,078,937	228,602	1,477,199	2,556,136	15,094
Financial Expenditures	374,615	364,804	355,000	9,804	19,615	374,615	0
Capital Equipment & Renovations	306,900	245,894	234,469	11,425	74,917	309,386	(2,486)
Interfunctional Operating Charges	2,423,189	1,283,288	1,408,346	(125,058)	1,139,901	2,548,247	(125,058)
Interfunctional Operating Recoveries	(189,962)	(94,980)	(126,842)	31,862	(94,982)	(221,824)	31,862
Total Gross Expenditure	**36,026,237**	**17,838,625**	**17,507,443**	**331,182**	**18,526,979**	**36,034,422**	**(8,185)**
Revenue							
Ontario/Canada Grants	(28,390,047)	(14,551,660)	(14,518,384)	(33,277)	(13,867,369)	(28,385,753)	(4,295)
Fees & Service Charges	(158,125)	(79,050)	(89,756)	10,706	(68,369)	(158,125)	(0)
Other Revenue	(644,897)	(322,434)	(956,085)	633,651	302,184	(653,901)	9,004
Total Revenue	**(29,193,069)**	**(14,953,144)**	**(15,564,224)**	**611,080**	**(13,633,554)**	**(29,197,778)**	**4,709**
Net Expenditure/(Revenue)	**$ 6,833,168**	**$ 2,885,481**	**$ 1,943,219**	**$ 942,262**	**$ 4,893,425**	**$ 6,836,644**	**$ (3,476)**

Public Health - Statement of Operations (cont'd)

Year To Date Community Impacts

Public Health is continuing to deliver services/programming to meet the Ontario Public Health Standards and successfully completed the first year of the new annual Ontario Council on Community Health Accreditation (OCCHA) process. Work continues on the new Ontario Public Health Organizational Standards to identify any gaps and take any necessary action to ensure compliance. The new Accountability Agreements, that replace the former Program Based Grant Funding Agreements, have now been received along with 2011 Ministry funding approval. The new Accountability Agreements outline new reporting requirements to the Ministry, including a set of baseline Performance Indicators to be reported in 2011. Since the beginning of the year, the Ministry has introduced new funding for two nursing positions to address Social Determinants of Health, additional funding for Infectious Disease Control, needle exchange program and bed bug funding. The Healthy Smiles Ontario Program recently launched its delivery of dental services with a much anticipated arrival of the new mobile dental bus expected this fall.

The favourable variance against the budgeted amount for Materials, Supplies & Utilities and for Purchased Services & Other Operating Expenses is anticipated. Prior year's spending patterns indicate that less than 50% of the budget is expended in the first half of the year and more that 50% of the budget is expended in the second half of the year - a reflection of seasonal program demands and expenditures. As a result the variance in these areas will diminish by year end. The unfavourable variance in the Interfunctional Operating Charges is a result of the Public Health departments in-sourcing services through Corporate Services (for services received from Human Resources and Information Technology). This variance is expected to continue to year end. The increased Other Revenue compared to budget is the result of carry forward revenues from the prior year in self funded programs which include Sexual Health Oral Contraceptives, Travel Health, Reporductive Health - Labour & Delivery and the Breast Health Initiative program.

Year to Go Forecast Community Impacts

Public Health will continue work on the new requirements under the Ontario Public Health Organizational Standards, specifically the development of the 2012-2015 Public Health Strategic Plan. The plan will be developed through a facilitated process that will include Board of Health, staff, stakeholders, client and public input to identify and confirm the community needs and priorities for Public Health with a 3-5 year focus. The plan will include linkages to the Council Business Plan, the Ontario Public Health Organizational Standards, meet the new Accountability Agreement requirements and continue to address the unique, local health needs and priorities of Niagara. Public Health continues to pursue innovative solutions to address privacy and records management needs through the development of electronic medical records in our clinical services areas. Additionally, Public Health has successfully piloted a number of social marketing/social media campaigns and continues to explore the viability of new mobile device applications to reach specific client populations. Public Health will continue to manage the leadership transition which aligns well with the timing of the development of the new Strategic Plan and the consultations that will help to shape and inform this important guiding document.

Niagara Region Emergency Medical Services - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 28,431,434	$ 13,678,307	$ 13,913,749	$ (235,442)	$ 14,667,685	$ 28,581,434	$ (150,000)
Administrative Expenses	205,750	102,798	91,933	10,865	113,817	205,750	0
Materials, Supplies & Utilities	2,019,938	1,009,908	841,905	168,003	1,148,033	1,989,938	30,000
Repairs & Maintenance	716,500	358,230	374,466	(16,236)	372,034	746,500	(30,000)
Purch. Serv. & Other Operating Exp.	1,573,564	753,846	323,967	429,879	1,149,597	1,473,564	100,000
Capital Equipment & Renovations	432,221	216,096	218,921	(2,825)	213,300	432,221	(0)
Interfunctional Operating Charges	1,016,608	410,899	672,132	(261,233)	662,955	1,335,087	(318,479)
Transfers to Reserves & Reserve Funds	1,283,212	1,019,102	1,019,102	0	264,110	1,283,212	0
Total Gross Expenditure	**35,679,227**	**17,549,186**	**17,456,174**	**93,012**	**18,591,531**	**36,047,705**	**(368,478)**
Revenue							
Ontario/Canada Grants	(20,372,760)	(10,153,518)	(10,473,143)	319,625	(9,899,617)	(20,372,760)	0
Fees & Service Charges	0	0	(963)	963	(37)	(1,000)	1,000
Other Revenue	(20,000)	(9,996)	(150,469)	140,473	(69,214)	(219,683)	199,683
Transfers from Reserves & Reserve Funds	(234,800)	(234,800)	(234,800)	0	0	(234,800)	0
Total Revenue	**(20,627,560)**	**(10,398,314)**	**(10,859,375)**	**461,061**	**(9,968,868)**	**(20,828,243)**	**200,683**
Net Expenditure/(Revenue)	**$ 15,051,667**	**$ 7,150,872**	**$ 6,596,799**	**$ 554,073**	**$ 8,622,663**	**$ 15,219,462**	**$ (167,795)**

Niagara Region Emergency Medical Services - Statement of Operations (cont'd)

Year To Date Community Impacts

The Niagara Emergency Medical Service (NEMS) is hoping to increase the number of Advanced Care Paramedics during 2011, through the Niagara College training program. NEMS continues to face challenges in maintaining service levels, particularly due to current levels of off-load delays (2010 highest level of off-loads in last five years). NEMS management is participating in the offload oversight committee with the Niagara Health System (NHS).
Continued uncertainty related to ongoing MOHLTC off-load nurse funding.

The unfavourable variance in Interfunctional Operating Charges is due to increased costs due to WSIB payouts that occurred early in 2011. NEMS continues to investigate new equipment technologies in an effort to mitigate workers injuries. Favourable variance related to Materials, Supplies and Utilities is due to better controls over inventory and controlled drugs, also many of these charges are traditionally invoiced later in the year. Repairs & Maintenance Vehicles is over budget partially due to maintenance expenses with an aging fleet, however NEMS will be purchasing nine new vehicles in 2011. These vehicles will require less maintenance and are more fuel efficient. Purchase Services favourable variance is related to the Ambulance Dispatch Program as these costs usually occur later in the year. It is important to note that any year end surplus within the Ambulance dispatch program is returned to the MOHLTC.

Ontario/Canada Grants unrecorded revenue for Ambulance Dispatch, and Offload Nurse Funding. The increase of Other revenue compared to budget is related to unbudgeted revenue from special events, union billings offset by personnel costs.

Year to Go Forecast Community Impacts

NEMS will continue to monitor and respond to community and service demands to ensure appropriate service levels are maintained. NEMS anticipates the gradual introduction of new model of ambulance vehicle that is anticipated to lower operational costs and maintenance schedules. NEMS has been working collaboratively with NHS to attempt to mitigate the impact of health system changes on the service, including participation on the joint offload oversight committee. Recent Ministry announcement to appoint a provincial supervisor at NHS poses some uncertainty about how this may affect current joint projects or the committee's work.

The overall unfavourable variance of $167,795 is related to the 2010/2011 fiscal program (Ambulance Communications) which ended March 2011. The $150,000 unfavourable variance in Personnel Costs is due to the CUPE 1019 lieu payout which takes place in December each year as per the collective agreement. The unfavourable variance in Interfunctional Operating Charges is due to WSIB payments.

Police Services & Board - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 116,724,875	$ 57,404,861	$ 59,159,414	$ (1,754,553)	$ 59,296,461	$118,455,875	$ (1,731,000)
Administrative Expenses	1,904,579	952,626	856,102	96,524	847,477	1,703,579	201,000
Materials, Supplies & Utilities	4,648,793	2,324,435	2,237,630	86,805	2,516,163	4,753,793	(105,000)
Repairs & Maintenance	2,059,533	1,029,770	999,769	30,001	1,059,764	2,059,533	(0)
Purch. Serv. & Other Operating Exp.	3,240,388	1,620,202	1,628,384	(8,182)	1,602,004	3,230,388	10,000
Financial Expenditures	5,000	2,502	1,327	1,176	203,836	205,163	(200,163)
Capital Equipment & Renovations	679,837	339,928	104,748	235,180	575,089	679,837	0
Interfunctional Operating Charges	9,194,107	4,546,410	4,509,142	37,268	4,594,695	9,103,837	90,270
Interfunctional Operating Recoveries	(1,110,181)	(555,084)	(558,976)	3,892	(555,097)	(1,114,073)	3,892
Transfers to Reserves & Reserve Funds	3,366,000	3,366,000	3,366,000	0	(50,000)	3,316,000	50,000
Capital Recoveries	0	0	(7,380)	7,380	7,380	0	0
Total Gross Expenditure	**140,712,931**	**71,031,650**	**72,296,159**	**(1,264,509)**	**70,097,772**	**142,393,931**	**(1,681,000)**
Revenue							
Ontario/Canada Grants	(3,695,561)	(1,847,778)	(1,861,966)	14,188	(1,833,596)	(3,695,561)	0
Fees & Service Charges	(6,397,271)	(3,198,642)	(2,883,154)	(315,488)	(3,514,117)	(6,397,271)	0
Other Revenue	(1,293,166)	(646,590)	(730,368)	83,778	(562,798)	(1,293,166)	0
Transfers from Reserves & Reserve Funds	(2,267,910)	(2,267,910)	(2,267,910)	0	(1,681,000)	(3,948,910)	1,681,000
Total Revenue	**(13,653,908)**	**(7,960,920)**	**(7,743,398)**	**(217,522)**	**(7,591,510)**	**(15,334,908)**	**1,681,000**
Net Expenditure/(Revenue)	**$ 127,059,023**	**$ 63,070,730**	**$ 64,552,761**	**$ (1,482,031)**	**$ 62,506,262**	**$127,059,023**	**$ 0**

Year To Date Community Impacts

Full details are available in the Service Report to the Police Service Board (PSB) received by the Board on July 28, 2011. A copy has been submitted to the Region. The year to date actuals presented in the PSB Report show minor variances from the Regional information. This is a result of Regional transactions posted subsequent to the NRPS required month end close deadline. As of June 30, 2011, total Gross Expenditures were $1.2 million more and Recoveries and Revenues were $222,335 less than the total approved, resulting in a Net Expenditures deficit of $1.4 million. The variance is primarily due to the implementation of the Internal Equity Arbitration Decision.

Year to Go Forecast Community Impacts

Full details are available in the Service Report to the Police Service Board received by the Board on July 28, 2011. A copy has been submitted to the Region. The detailed variance analysis and forecast have been prepared based on results of operations at June 30, 2011. In the forecast the Service has recognized a number of expected year end variances and expected recommendations.

Niagara Regional Housing - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 3,556,847	$ 1,715,560	$ 1,845,047	$ (129,487)	$ 1,889,360	$ 3,734,407	$ (177,560)
Administrative Expenses	195,553	94,824	50,463	44,361	177,956	228,419	(32,866)
Materials, Supplies & Utilities	4,874,296	2,336,738	2,332,908	3,830	2,541,388	4,874,296	0
Repairs & Maintenance	3,593,200	1,366,908	1,571,392	(204,484)	2,164,310	3,735,702	(142,502)
Purch. Serv. & Other Operating Exp.	4,392,531	2,305,686	2,334,383	(28,697)	2,067,022	4,401,405	(8,874)
Financial Expenditures	2,967,338	1,480,597	1,535,371	(54,774)	1,431,967	2,967,338	(0)
Capital Equipment & Renovations	30,000	12,000	1,561	10,439	28,438	29,999	1
Interfunctional Operating Charges	2,156,519	1,109,436	1,100,562	8,874	1,011,579	2,112,141	44,378
NRH Housing Provider Subsidy & Supplement	26,492,642	13,246,302	16,968,296	(3,721,994)	15,237,217	32,205,513	(5,712,871)
Transfers to Reserves & Reserve Funds	364,016	182,004	182,004	0	182,012	364,016	0
Capital Recoveries	0	0	(21,263)	21,263	0	(21,263)	21,263
Total Gross Expenditure	**48,622,942**	**23,850,055**	**27,900,724**	**(4,050,669)**	**26,731,249**	**54,631,973**	**(6,009,031)**
Revenue							
Ontario/Canada Grants	0	0	(3,812,535)	3,812,535	(2,120,336)	(5,932,871)	5,932,871
Other Revenue	(22,154,877)	(11,077,428)	(11,328,803)	251,375	(10,926,426)	(22,255,229)	100,352
Transfers from Reserves & Reserve Funds	(700,000)	(349,998)	(328,547)	(21,451)	(347,261)	(675,808)	(24,192)
Total Revenue	**(22,854,877)**	**(11,427,426)**	**(15,469,886)**	**4,042,460**	**(13,394,023)**	**(28,863,909)**	**6,009,032**
Net Expenditure/(Revenue)	**$ 25,768,065**	**$ 12,422,629**	**$ 12,430,839**	**$ (8,210)**	**$ 13,337,226**	**$ 25,768,065**	**$ 0**

Year To Date Community Impacts

Niagara Regional Housing (NRH) is on target for the majority of its expenditures to date. The variance related to Personnel costs and NRH Housing Provider Subsidy and Supplement is offset by the revenue from the Federal and Provincial governments shown on the Ontario /Canada Grants line. This funding is provided under the Social Housing Renovation and Retrofit Program (SHRRP). Other variances will be addressed through reduction of expenses in other accounts by year end.

Year to Go Forecast Community Impacts

It is anticipated that the majority of the SHRRP funding will be spent by year end. The program deadline allows for carry-over into 2012.

Provincial Offenses Act - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 1,668,713	$ 802,186	$ 842,388	$ (40,202)	$ 898,178	$ 1,740,566	$ (71,853)
Administrative Expenses	35,467	17,712	19,204	(1,492)	14,361	33,565	1,902
Materials, Supplies & Utilities	101,617	50,796	30,770	20,026	94,123	124,893	(23,276)
Repairs & Maintenance	3,325	1,662	1,362	300	1,963	3,325	0
Purch. Serv. & Other Operating Exp.	3,515,547	1,757,706	1,968,367	(210,661)	2,746,957	4,715,324	(1,199,777)
Financial Expenditures	120,000	60,000	19,705	40,295	60,000	79,705	40,295
Capital Equipment & Renovations	29,666	14,826	4,190	10,636	27,826	32,016	(2,350)
Interfunctional Operating Charges	604,808	302,406	302,774	(368)	302,402	605,176	(368)
Interfunctional Operating Recoveries	0	0	(3,486)	3,486	0	(3,486)	3,486
Transfers to Reserves & Reserve Funds	500,000	249,996	249,996	0	250,004	500,000	0
Total Gross Expenditure	**6,579,143**	**3,257,290**	**3,435,269**	**(177,979)**	**4,395,814**	**7,831,083**	**(1,251,940)**
Revenue							
Other Revenue	(7,533,309)	(3,766,650)	(4,777,959)	1,011,309	(4,777,959)	(9,555,918)	2,022,609
Total Revenue	**(7,533,309)**	**(3,766,650)**	**(4,777,959)**	**1,011,309**	**(4,777,959)**	**(9,555,918)**	**2,022,609**
Net Expenditure/(Revenue)	**$ (954,166)**	**$ (509,360)**	**$ (1,342,690)**	**$ 833,330**	**$ (382,145)**	**$ (1,724,836)**	**$ 770,669**

Year To Date Community Impacts

Favourable variance is due to increased enforcement (tickets issued) to date which resulted in higher revenues. Increased demands for service resulted in higher operating expenses. Three new third party collection service providers were engaged in 2011. Transition and system set up time resulted in lower financial expenditure costs and reduced revenues in the first quarter of the year.

Year to Go Forecast Community Impacts

Favourable financial expenditures are due to transition and system set up time related to the engagement of three new third party collection service providers. Tickets are currently being re-designed and old stock must be fully replaced resulting in an unfavourable variance in materials, supplies and utilities. Unfavourable variance personnel and $429,108 of the unfavourable variance in purchased services & other operating expenditures as well as the favourable variance in revenues are due to increased service demands from increased enforcement. The remaining $770,669 unfavourable variance in purchase service is the estimated additional surplus distribution to area municipalities at year end.

Revenue is direcly impacted by enforcement activities. When forecasting revenue, we have assumed that activity in the first half of 2011 is representative of activity in the second half of the year.

General Government - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Personnel Costs	$ 2,000,205	$ 995,727	$ 1,330,473	$ (334,746)	$ 1,510,904	$ 2,841,377	$ (841,172)
Administrative Expenses	79,565	71,124	67,940	3,184	5,000	72,940	6,625
Materials, Supplies & Utilities	34,400	17,196	28,593	(11,397)	0	28,593	5,807
Purch. Serv. & Other Operating Exp.	5,977,406	2,988,704	2,982,250	6,454	3,004,041	5,986,291	(8,885)
Financial Expenditures	82,318,627	31,576,083	31,803,659	(227,576)	49,763,566	81,567,225	751,402
Interfunctional Operating Charges	1,111,221	612,312	612,809	(497)	498,909	1,111,718	(497)
Interfunctional Operating Recoveries	(46,357,315)	(22,080,408)	(22,175,212)	94,804	(24,368,803)	(46,544,015)	186,700
Transfers to Reserves & Reserve Funds	11,654,638	11,554,638	16,729,538	(5,174,900)	1,100,000	17,829,538	(6,174,900)
External Recoveries	(31,414,808)	(10,215,018)	(10,739,934)	524,916	(20,784,894)	(31,524,828)	110,020
Total Gross Expenditure	**25,403,939**	**15,520,358**	**20,640,115**	**(5,119,757)**	**10,728,723**	**31,368,838**	**(5,964,899)**
Revenue							
Taxation - Levy	(300,530,189)	(142,917,563)	(143,302,084)	384,521	(157,308,477)	(300,610,561)	80,372
Ontario/Canada Grants	(200,000)	0	(5,174,900)	5,174,900	0	(5,174,900)	4,974,900
Fees & Service Charges	(15,130)	(7,560)	(6,950)	(610)	0	(6,950)	(8,180)
Other Revenue	(10,490,031)	(5,200,002)	(6,230,956)	1,030,954	(6,789,121)	(13,020,077)	2,530,046
Transfers from Reserves & Reserve Funds	(2,976,664)	(2,906,660)	(2,906,660)	0	(70,004)	(2,976,664)	0
Total Revenue	**(314,212,014)**	**(151,031,785)**	**(157,621,551)**	**6,589,766**	**(164,167,602)**	**(321,789,153)**	**7,577,139**
Net Expenditure/(Revenue)	**$(288,808,075)**	**$(135,511,427)**	**$(136,981,436)**	**$ 1,470,009**	**$(153,438,879)**	**$(290,420,315)**	**$ 1,612,240**

Year To Date Community Impacts

The majority of the favourable year to date variance is a result of increased investment income (included in other revenue) of approximately $900,000 (see investment report for further details on page 40). Please note that investment income has not yet been allocated to specific reserve funds in 2011 as a revised methodology for this allocation is being prepared for consideration at a Corporate Services Committee meeting this fall. The Ontario Municipalities Partnership Fund (OMPF) grant received of $5.2 million was transferred to a Taxpayer Relief reserve.

Increased personnel costs in the first half of the year are a result of higher then planned termination/early sick leave payouts and benefits for retirees and employees on leave. Unfavourable financial expenditures and favourable external recoveries are mainly a result of timing of processing of debt related charges. The 2011 budget did not consider the impact of interest accruals. This impact has been factored into the financial expenditures forecast above and will be included in the 2012 budget.

Year to Go Forecast Community Impacts

The expected annual favourable revenues are as explained above. Favourable investment income is partially offset by the unfavourable transfer to reserves for the estimated allocation of investment income to reserves. In the 2011 budget this transfer was budgeted net against investment income but in 2012 will be budgeted gross to reflect full investment income. Increased personnel costs are mainly a result of higher then planned termination/early sick leave payouts, benefits for retirees and employees on leave, and WSIB costs. Additional WSIB costs are offset by higher interfunctional operating recoveries as these costs are charged out to departments. Favourable financial expenditures are a result of no debt issue costs in 2011 and the fact that 2011 interest accruals are expected to be lower than 2010.

Special Initiatives/Joint Initiatives - Statement of Operations

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Financial Expenditures	$ 192,750	$ 95,000	$ 6,175,000	$ (6,080,000)	$ 1,102,750	$ 7,277,750	$ (7,085,000)
Transfers to Reserves & Reserve Funds	1,150,000	1,150,000	1,150,000	0	0	1,150,000	0
Total Gross Expenditure	**1,342,750**	**1,245,000**	**7,325,000**	**(6,080,000)**	**1,102,750**	**8,427,750**	**(7,085,000)**
Revenue							
Transfers from Reserves & Reserve Funds	(95,000)	(95,000)	(6,175,000)	6,080,000	(1,005,000)	(7,180,000)	7,085,000
Total Revenue	**(95,000)**	**(95,000)**	**(6,175,000)**	**6,080,000**	**(1,005,000)**	**(7,180,000)**	**7,085,000**
Net Expenditure/(Revenue)	**$ 1,247,750**	**$ 1,150,000**	**$ 1,150,000**	**$ -**	**$ 97,750**	**$ 1,247,750**	**$ -**

Year To Date Community Impacts

Year to date the Region has contributed $6,175,000 to special initiatives ($450,000 to Brock BioScience, $95,000 to Niagara College, and $5,630,000 for the Cancer Centre). These contribution were fully funded from reserves and approved by Council.

Also, as planned, the Region transferred $1,000,000 to the Hospital Contribution Reserve and $150,000 to the Brock Bio Science Reserve.

Year to Go Forecast Community Impacts

In the second half of the year, the Region plans to contribute $1,102,750 to special initiatives ($455,000 to Niagara College, $550,000 to Brock BioScience, $85,000 for the PanAm Games and $12,750 in miscellaneous grants). This will pay in full the current multi-year commitment for both Brock BioScience and Niagara College. Also, both the Brock Bio Science and Niagara College contributions will be funded from reserves.

Niagara Economic Development Corporation (NEDC) Grant

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Purch. Serv. & Other Operating Exp.	$ 1,896,128	$ 928,064	$ 928,064	$ -	$ 968,064	$ 1,896,128	$ -
Interfunctional Operating Charges	0	0	135	(135)	0	135	(135)
Transfers to Reserves & Reserve Funds	0	0	0	0	95,000	95,000	(95,000)
Total Gross Expenditure	**1,896,128**	**928,064**	**928,199**	**(135)**	**1,063,064**	**1,991,263**	**(95,135)**
Revenue							
Other Revenue	0	0	0	0	(95,000)	(95,000)	95,000
Total Revenue	**0**	**0**	**0**	**0**	**(95,000)**	**(95,000)**	**95,000**
Net Expenditure/(Revenue)	**$ 1,896,128**	**$ 928,064**	**$ 928,199**	**$ (135)**	**$ 968,064**	**$ 1,896,263**	**$ (135)**

Year To Date Community Impacts

NEDC is a separate corporation that receives funding from the Niagara Region. The above summary show the grant the Region provides NEDC as well as the activity that flows through the Region as a result of processing NEDC's payroll. This does not show NEDC's operating results.

Year to date NEDC has received half of their annual funding as planned and the Region has processed 14 of 26 payrolls on their behalf.

Year to Go Forecast Community Impacts

In 2010 the Region funded NEDC $95,000 with the intent that they would provide Niagara College with a grant. The terms of the agreement with Niagara College were solidified in 2011 which resulted in the Region funding the college instead of NEDC. As a result, NEDC has returned the 2010 funding they received to the Region showing as revenue above. Since these funds were initially ear marked for Niagara College, they were transferred to the Niagara College Reserve. This reserve is left with an $85,000 balance (see page 38) after paying the Niagara College funding commitment. A report will come this fall to repurpose these funds to the contingency reserve or as directed by Council.

Niagara Peninsula Conservation Authority (NPCA) Operating Grant

Object of Expenditure Description	Annual Budget	Year To Date Budget	Year To Date Actual	Year To Date Budget vs Actual Variance Favourable/ (Unfavourable)	Year To Go Forecast (Jul to Dec)	Annual Forecast	Annual Budget vs Forecast Variance Favourable/ (Unfavourable)
Gross Expenditure							
Financial Expenditures	$ 5,171,816	$ 2,585,908	$ 2,570,778	$ 15,130	$ 2,585,908	$ 5,156,686	$ 15,130
						0	0
Total Gross Expenditure	**5,171,816**	**2,585,908**	**2,570,778**	**15,130**	**2,585,908**	**5,156,686**	**15,130**
Revenue							
						0	0
Transfers from Reserves & Reserve Funds	(300,000)	(300,000)	(300,000)	0	0	(300,000)	0
						0	0
Total Revenue	**(300,000)**	**(300,000)**	**(300,000)**	**0**	**0**	**(300,000)**	**0**
Net Expenditure/(Revenue)	**$ 4,871,816**	**$ 2,285,908**	**$ 2,270,778**	**$ 15,130**	**$ 2,585,908**	**$ 4,856,686**	**$ 15,130**

Year To Date Community Impacts

NPCA is a separate corporation that receives funding from the Niagara Region. The above summary show the grant the Region provides the NPCA and not their operating results.

Year to date NPCA has received half of their annual funding as planned with the exception of $15,130 which was intended to fund debt issues costs. Since there was no debt issue in 2011, the portion of the grant intended to cover these costs was returned to the Region.

In 2011, NPCA requested $300,000 in funding for water related activities and this was provided through the water reserves.

Year to Go Forecast Community Impacts

The Region will provide NPCA the remaining half of their approved annual funding.

In addition to the operating grant identified above, the Region also provided NPCA with a $1,513,121 capital grant in 2011. The 2012 budget will add the capital grant to the overall grant to fully reflect the Niagara Region's funding of the NPCA.

Reserve Report

Description	Balances at December 31, 2010	Year to Date Net Transfers from/(to) Operating (Jan-Jun)	Year to Date Capital Transfers	Balances at June 30, 2011	Forecasted Net Transfers from/(to) Operating (Jul-Dec)	Capital Commitments	Forecast Balance at December 31, 2011
Chemical, Biological, Radiological, Nuclear (CBRN)	149,541	22,500	-	172,041	22,500	-	194,541
Emergency Response Team	$ 552,505	$ 520,200	$ (725,000)	$ 347,705	$ -	$ -	$ 347,705
Ambulance Replacement	7,415,574	-	-	7,415,574	-	-	7,415,574
New Affordable Housing Development Initiative	1,924,871	-	-	1,924,871	-	-	1,924,871
Emergency capital funding for housing	5,561,270	959,754	(1,123,783)	5,397,241	959,756	-	6,356,997
Fleet Equipment Replacement	144,518	1,841,000	(1,773,611)	211,908	(50,000)	-	161,908
Police Equipment Replacement	190,111	(190,111)	-	-	-	-	-
Print Shop Equipment	141,342	-	-	141,342	-	-	141,342
Welland Canal Crossings	3,841,326	182,004	(739,196)	3,284,134	182,012	-	3,466,146
NRH Owned Units	429,929	(429,929)	-	-	-	-	-
Niagara Transportation Superbuild	466,931	49,998	(467,605)	49,324	50,000	-	99,324
PW Field Admin. Equip. Replacement	65,537	(35,537)	(45,000)	(15,000)	15,000	-	-
Sign Shop Equip. Replacement	53,199	-	(53,199)	-	-	-	-
Director Engineering Equip Replacement	3,187,994	205,122	(781,000)	2,612,116	217,000	-	2,829,116
Senior Services Capital	224,496	(224,496)	-	-	-	-	-
Waterfront and Related Capital Projects	50,000	-	-	50,000	-	-	50,000
Police Emergency Preparedness	336,664	(336,664)	-	-	-	-	-
Police Surplus	75,874	6,570	-	82,444	6,575	-	89,019
Fire Co-ordinator	129,196	(41,097)	(129,196)	(41,097)	41,097	-	-
Building Standards	1,669	-	-	1,669	-	-	1,669
Police Building Standards	75,309	11,973	-	87,282	-	-	87,282
Community Services Buildings	1,194,058	249,996	-	1,444,054	250,004	-	1,694,058
POA Facility Renewal	849,025	150,975	(1,000,000)	-	-	-	-
General Property Acquisition	113,202	-	(113,202)	-	-	-	-
Mapping Infrastructure System	1,308,186	1,300,000	(925,483)	1,682,703	-	(770,000)	912,703
Police Capital Levy	13,203,807	11,727,552	(15,717,346)	9,214,013	(250,004)	(3,415,253)	5,548,756
General Capital Levy	366,040	-	-	366,040	-	-	366,040
Public Health Vehicles & Equipment	31,250	-	-	31,250	-	-	31,250
Police Ontario Police Viedo Training Alliance Reserve	186,195	49,998	-	236,193	50,000	-	286,193
Specialized Transit Equipment	**42,269,620**	**16,019,808**	**(23,593,621)**	**34,695,807**	**1,493,940**	**(4,185,253)**	**32,004,494**
Total Levy Supported Capital							

Reserve Report (cont'd)

Description	Balances at December 31, 2010	Year to Date Net Transfers from/(to) Operating (Jan-Jun)	Year to Date Capital Transfers	Balances at June 30, 2011	Forecasted Net Transfers from/(to) Operating (Jul-Dec)	Capital Commitments	Forecast Balance at December 31, 2011
NRH Rent Supplement	1,427,509	(252,739)	-	1,174,770	(347,261)	-	827,509
Social Assistance	8,621,850	(746,526)	-	7,875,324	(746,548)	-	7,128,776
Childrens Services	698,594	-	-	698,594	-	-	698,594
Health Unit Wallington	44,666	-	-	44,666	-	-	44,666
Year End Transfer	2,500,000	(2,500,000)	-	-	-	-	-
Communication Strategy	40,000	(40,000)	-	-	-	-	-
Public Health Environmental Health	97,319	(97,319)	-	-	-	-	-
Telecommunications	193,086	(193,086)	-	-	-	-	-
Police Contingency	364,880	-	-	364,880	-	-	364,880
Contingency	8,285,566	(192,949)	-	8,092,617	(1,400,000)	-	6,692,617
Improvement Initiatives	81,056	458,054	-	539,110	(41,961)	-	497,149
Police Services Board Contingency	130,154	-	-	130,154	-	-	130,154
Fuel Stabilization	250,000	(250,000)	-	-	-	-	-
Taxpayer Relief	-	5,174,900		5,174,900	-	-	5,174,900
Total Stabilization Reserves	**22,734,680**	**1,360,335**	**-**	**24,095,015**	**(2,535,770)**	**-**	**21,559,245**
Police Accumulated Sick	5,114,181	(250,000)	-	4,864,181	(150,000)	-	4,714,181
Regional OMERS	13,020	-	-	13,020	-	-	13,020
Future Benefit Cost	2,349,575	-	-	2,349,575	-	-	2,349,575
WSIB	14,121,022	(16,620)	-	14,104,402	(16,630)	-	14,087,772
Accumulated Sick Leave	3,116,831	(69,996)	-	3,046,835	(70,004)	-	2,976,831
Unrecorded Liabilities Public Sector Accounting Board	6,762,286	-	-	6,762,286	-	-	6,762,286
Employee future benefits - NRH	875,679	-	-	875,679	-	-	875,679
Police Future Benefits	1,111,848	-	-	1,111,848	(1,531,000) *		(419,152)
Police WSIB	1,989,055	225,000	-	2,214,055	-	-	2,214,055
Police OMERS	1,109	-	-	1,109	-	-	1,109
Sub-total Employee Benefit Liabilities **	35,454,606	(111,616)	-	35,342,990	(1,767,634)	-	33,575,356
Tax Write off Stabilization	5,000,000	-	-	5,000,000	-	-	5,000,000
Self Insurance	2,507,515	-	-	2,507,515	-	-	2,507,515
Land Ambulance Severance	3,741,199	235,032	-	3,976,231	235,034	-	4,211,264
Total Liabilities	**46,703,320**	**123,416**	**-**	**46,826,736**	**(1,532,601)**	**-**	**45,294,136**

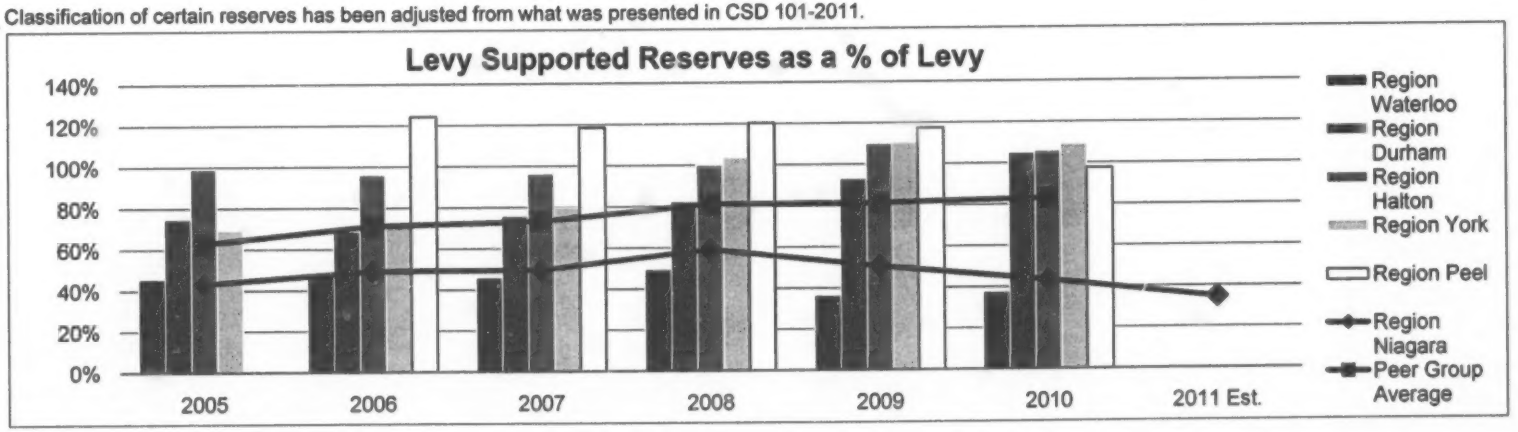
* The Police are forecasting a reserve transfer of $1,531,000 to offset their expected deficit. This has been forecasted against the employee benefit reserve for the purpose of this report however final decision of which reserve the funds are to come from is yet to be determined.

** At December 31, 2010 unfunded employee future benefit liabilities (including vacation and lieu liabilities) were $81,292,757 (Reserves = $35,454,606). Estimated unfunded employee future benefit liabilities at December 31, 2011 are $83,585,949 (Reserves = $33,575,356).

Reserve Report (cont'd)

Description	Balances at December 31, 2010	Year to Date Net Transfers from/(to) Operating (Jan-Jun)	Year to Date Capital Transfers	Balances at June 30, 2011	Forecasted Net Transfers from/(to) Operating (Jul-Dec)	Capital Commitments	Forecast Balance at December 31, 2011
Brock BioScience	1,000,000	(450,000)	-	550,000	(550,000)	-	-
Culture Capital of Canada	374,000	(374,000)	-	-	-	-	-
Niagara College Commitment	445,000	-	-	445,000	(360,000)	-	85,000
Circle Route Initiatives	-	224,496	1,258,185	1,482,681	(16,438)	-	1,466,243
Corporate Employee Recognition Team (CERT)	411,059	-	-	411,059	-	-	411,059
Encumbrance	1,069,490	(1,069,490)	-	-	-	-	-
Hospital Contributions	5,630,000	(4,630,000)	-	1,000,000	-	-	1,000,000
Smart Growth	1,910,899	(87,330)	-	1,823,569	(87,341)	-	1,736,228
Total Regional Commitments	**10,840,448**	**(6,386,324)**	**1,258,185**	**5,712,309**	**(1,013,779)**	**-**	**4,698,530**
Sewage Operations Capital Works	62,416,939	5,290,717	(17,047,037)	50,660,619	9,045,472	(15,600,000)	44,106,091
Water Operations Capital Works	65,327,728	10,276,488	(13,274,826)	62,329,390	10,573,496	(10,650,000)	62,252,886
Waste Management	16,389,311	121,440	(6,495,000)	10,015,751	121,445		10,137,196
Total Rate Supported Capital	**144,133,978**	**15,688,645**	**(36,816,863)**	**123,005,760**	**19,740,413**	**(26,250,000)**	**116,496,173**
Total (Excluding Deferred Revenues)	**$ 266,682,046**	**$ 26,805,880**	**$ (59,152,299)**	**$ 234,335,628**	**$ 16,152,203**	**$ (30,435,253)**	**$ 220,052,578**

Note: Classification of certain reserves has been adjusted from what was presented in CSD 101-2011.



Deferred Revenues (Development Charges & Gas Tax Reserve Funds)

Description	Balances at December 31, 2010	Year to Date Net Transfers from/(to) Operating (Jan-Jun)	Year to Date Capital Transfers	Balances at June 30, 2011	Forecasted Net Transfers from/(to) Operating (Jul-Dec)	Capital Commitments *	Forecast Balance at December 31, 2011
Development Charges-General Government	$ 482,193	$ (37,959)	$ -	$ 444,234	$ (31,550)	$ -	$ 412,684
Development Charges-Public Works	185,631	-	-	185,631	-	-	185,631
Development Charges-Police Services	861,786	73,078	-	934,864	76,717	-	1,011,581
Development Charges-Roads	16,758,789	2,391,250	-	19,150,039	2,685,093	(14,862,723)	6,972,409
Development Charges-Sewer	4,169,758	1,518,126	-	5,687,885	1,807,948	(2,940,908)	4,554,924
Development Charges-Water	9,836,964	718,267	-	10,555,231	692,924	(1,980,587)	9,267,567
Development Charges-Emergency Medical	126,454	2,004	-	128,458	-	-	128,458
Dev Deposit/Protest	144,921	(144,921)	-	-	-	-	-
Provincial Gas Tax	1,097,961	(1,097,961)	-	-	-	-	-
Federal Gas Tax	8,866,361	-	(8,866,361)	-	13,111,139	(13,111,139)	-
Total	**$ 42,530,818**	**$ 3,421,885**	**$ (8,866,361)**	**$ 37,086,342**	**$ 18,342,271**	**$ (32,895,358)**	**$ 22,533,255**

* The capital commitments included represent all approved capital projects expenditures budgeted to be funded by development charges.

Each year end a review of the status of these capital projects is completed and revenue earned is transferred from the development charge account to the capital project. In this respect, the forecast balance is understated as it represents uncommitted development charges to be applied to capital projects through future capital budgets.

Development Charge Revenues

	2010 Actuals		2011 June YTD	
Gross Development Charge Revenues	33,558,395		10,840,650	
Less: Non-discretionary exemptions	(2,370,647)	7.1%	(1,245,502)	11.5%
	31,187,748		9,595,148	
Less: Discretionary exemptions (Forgone Revenue)	(20,142,941)	60.0%	(4,283,734)	39.5%
Net Development Charges Revenues **	11,044,807	32.9%	5,311,414	49.0%

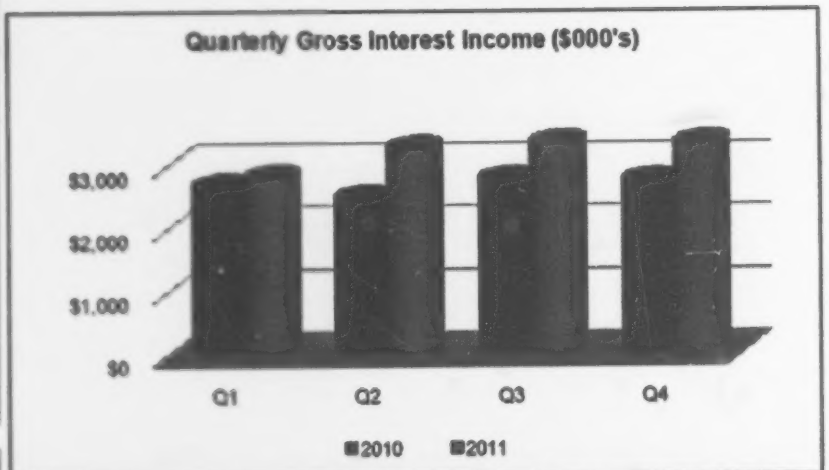
** Development charge revenues are deposited to the reserve funds above.

Note: Forgone revenues in 2010 include approximately $9 million related to the new Hospital. Forgone revenues result in less funding available for growth related projects. This has a direct levy/rate impact.

Investment Report

Institution	Aggregate Amount of Investment by Institution	Percentage Holdings By Security including Cash Balance
Investments	June 30, 2011	
Region of Niagara	29,117,865	5.7%
Federal	20,867,030	4.1%
Provincial	118,103,392	23.3%
Municipal	21,192,099	4.2%
Major Schedule I Banks	210,212,031	41.5%
Loan/Trust Corporations & Credit Unions	5,460,416	1.1%
Supranational	5,000,000	1.0%
TOTAL excluding Cash	409,952,834	80.9%
Cash	96,554,073	19.1%
TOTAL including Cash	506,506,907	100.0%

Funds	Book Value	Weight
Cash	96,554,073	19.1%
Cash Equivalents (< 1 Year)	97,419,243	19.2%
2 Year	55,206,234	10.9%
3 Year	44,200,028	8.7%
4 Year	75,454,738	14.9%
5 Year +	136,070,782	26.9%
Sinking Fund	1,512,799	0.3%
Total	506,506,907	100%



Actuals	Q1	Q2	Q3	Q4	Total
2010 Actuals (Gross)	2,678	2,490	2,777	2,747	10,692
2011 Budget (Gross)	2,845	2,845	2,845	2,845	11,379
2011 Budget (Net)	2,845	2,845	2,845	1,845	10,379
2011 Forecast (Gross)	2,819	3,281	3,355	3,344	12,799
2011 Forecast (Net)	2,819	3,281	3,355	2,344	11,799

Note: Net amounts is after interest allocation to reserve funds expected to occur at yearend.

Investment Update

Total investment earnings for the second quarter were $3,281,249. Segmented earnings were $2,981,053 on investments and $300,196 on the cash balance. The investment portion of the portfolio (excluding cash) yielded 2.93%. The general bank account interest rate has been negotiated up to 1.30% vs. the rate of 1.15% and was effective May 2011. At June 30, 2011 the portfolio has unrealized market gains (market value vs. book value) of $5,406,734 that have not been recorded in calculating investment earnings.

Niagara Region

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